

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE ILLINOIS ECONOMY

The importance of small business to the state of Illinois is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Illinois had 270,471 businesses with employees; 98.4 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 383,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 6.4 percent to \$23.8 billion in 1997, while wage-and-salary income rose 6.4 percent. The state also exported \$34.2 billion of goods in 1997. (In 1992, 83.9 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 336,700 women-owned businesses in Illinois, including part-time firms, employing 948,700 people and generating \$119.6 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 74.8 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 49.6 percent from 1987 to 1992, totaling 28,433 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 90.6 percent during the same time period with 18,368 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 14,872 in 1987, to 21,743 in 1992, representing a 46.2 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 0.2 percent, while new business incorporations decreased 0.3 percent in 1997. Financial difficulties leading to business bankruptcies decreased by 1.0 percent and business failures increased by 32.7 percent during 1997.

Finance - An SBA Office of Advocacy study found that the number of banks in Illinois decreased from 938 in 1994 to 801 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
BANK OF CARBONDALE	Carbondale
FARMERS ST BK	Pittsfield
FIRST NB EMPL OWNED	Antioch
MERCANTILE T&SB	Quincy
PALMER AMER NB DANVILLE	Danville
UNITED CMNTY BK	Chatham
FIRST MID-IL B&T NA	Mattoon
SECURITY B&TC	Mount Carmel
NATIONAL BK OF PETERSBURG	Petersburg
BANK OF EDWARDSVILLE	Edwardsville
AMCORE BK NA	Rockford
HARRIS T&SB	Chicago
FIRST NB OF CHICAGO	Chicago
NORTHERN TC	Chicago

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	247,257	78,791	48,237	72,430	(75,483)	371,231
Manufacturing	5,973	9,792	6,363	15,919	(45,837)	(7,791)
Retail Trade	32,666	4,594	3,781	3,340	(22,353)	22,029
Services	152,056	38,792	33,838	43,676	(18,206)	250,155
Other	56,563	25,613	4,254	9,494	10,913	106,838

Industries - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in Illinois, followed by Health Services. The fastest growing industry for small business is Communications (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	4,950,185	100.0	51.0
Health Services	8000	496,429	10.0	41.0
Business Services	7300	376,179	7.6	49.1
Eating & Drinking Places	5800	329,167	6.6	67.1
Wholesale Trade - Durable Goods	5000	234,699	4.7	62.5
Ind. & Comm. Machinery & Computer Equip.	3500	157,530	3.2	44.9

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	2,526,366	100.0	51.0
Eating & Drinking Places	5800	220,916	6.6	67.1
Health Services	8000	203,463	10.0	41.0
Business Services	7300	184,552	7.6	49.1
Wholesale Trade - Durable Goods	5000	146,669	4.7	62.5
Special Trade Contractors	1700	133,057	2.9	92.0

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	2,526,366	83,658	3.3
Communications	4800	8,841	1,021	11.5
Primary Metal Industries	3300	18,350	1,968	10.7
Stone, Clay, Glass, & Concrete Products	3200	11,451	1,222	10.7
Educational Services	8200	46,130	3,647	7.9
Electric, Gas, & Sanitary Services	4900	4,789	369	7.7

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.